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27 July 1956

TO : EIC Secretariat

FROM : Chairman, EIC Subcommittee on Chemicals

SUBJECT: Annual Report, Subcommittee on Chemicals, Jy 1956

- 1. The EIC Subcommittee on Chemicals has held one formal meeting during the fiscal year 1956, on 26 June, Room 2130 "M" Building.
- 2. This meeting was called to consider the Soviet Six-Phase Exchange Program, as requested by the IAC Standing Committee on Exchanges. Representatives of the IAC Agencies were in attendance. However, it was evident that there is little interest in the other Agencies on Chemical intelligence of the Sino-Soviet Bloc. The Military services are interested in military end-products only, and are leaving intelligence in the general field of economics of the chemical industry to the Chemicals Branch, Materials Division of CIA. Also, as explained in our previous report for fiscal year 1955, the Department of State writes special reports on segments of the industry if requested.
- 3. During the last year we have had continual and close contact with AFOIN of the Department of Air. Within the last year an extensive reorganization has taken place in AFOIN, and at the present time, they are merely registering production reports on a limited group of basic chemicals. These figures are obtained from published documents. They depend upon CIA for estimates of production of chemicals in the Sino-Soviet Bloc.
- 4. As stated in our previous report, ONI of the Department of the Navy is no longer a member of the Subcommittee. We have been in touch with the Technical Branch, Intelligence Division, Office Chief of Staff, Department of the Army. This group has the responsibility for Chemical intelligence for the Army, but concentrates on military end-items only. At the present time their effort is concerned largely with atomic energy problems. They have stated that they accept the AFOIN and CIA figures for chemicals in the Sino-Soviet Bloc.

A. ACTIVITIES OF THE SUECOMMITTEE DURING FISCAL YEAR

(1) Review of the Intelligence Product in the Subcommittee's Field of Competence

There has been no committee review of reports produced. The Chemicals Branch, CRR, has been the producer of chemical reports on the Sino-Soviet Bloc, and close contact has been kept with 3-A-2 of AFOIN as the reports were being written.

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(2) Research and Collection Deficiencies

Some of the gaps in intelligence are as they were in our previous report. We have as yet received no estimates of requirements for chemicals for the military propellants of the Sino-Soviet Bloc. Paralleling this, is the deficiency in data on the types and composition of the propellants used by the Sino-Soviet Bloc in their Guided Missile Program. 3-A-2 of AFOIN, and the Chemicals Branch, ORR, have been attempting to close the information gap on the availability of the chemicals required for the fuels and oxydizers of the Guided Missile Program. The two groups have cooperated closely. Based upon the programs covering chemical intelligence in the IAC Agencies, these are the only two deficiences on which joint effort should be made.

- (3) Review of Substantive Papers
 None.
- (4) Review of Proposals for External Research
 None were suggested.
- (5) Maintenance of Agreed Basic Statistics

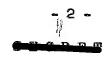
As the producer of statistics on the production of basic chemicals in the Sino-Soviet Bloc, the Chemicals Branch, ORR, has forwarded to the other IAC Agencies all changes that have been made in their estimates.

The other Agencies were requested to acknowledge receipt of the corrected estimates, and to advise the Chemical Branch of their concurrence. If their estimates were different they were requested to advise Chemicals Branch of their estimate, so that the figures could be reconciled. There was only one case where the CIA and AFOIN differed appreciably, and these were promptly reconciled.

(6) Projects Undertaken at the Request of the EIC or proposed to the EIC.

None Requested.

- (7) <u>Intelligence Research Techniques</u>
 None.
- (8) Special Coordination Functions of the Subcommittee



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(9) Evaluation of the Role of the Subcommittee

As explained above, the areas of responsibility in the chemicals field have changed radically since the organization of the Subcommittee. However, the Subcommittee has served a good and useful purpose, and it is recommended that the committee be kept alive. It allows the members of the IAC Agencies interested in Chemical intelligence to contact each other with ease, and Ad Hoc meetings can be held by the members of the Subcommittee if they have mutual problems. It also enables the IAC Agencies to assemble Ad Hoc Committees for special purposes, such as the study of the exchange program for delegations of the Plastics, and Agricultural chemical and Insecticides industries.

B. FUTURE PROGRAM OF THE SUBCOMMITTEE

Chemical Subcommittee will hold at least one formal meeting per year to consider problems of mutual interest in intelligence on the chemicals industry.

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16 Feb 1956

Executive Secretary, EIC

Chemicals Subcommittee

I like your memorandum very much -- except the very end. It seems to me a more positive statement is needed of the remaining task of the Subcommittee -- i.e., to coordinate between the "end product" estimators and the "basic chemicals" estimators. My attached rewrite at the last page is only suggestive. If you agree in principle, please rewrite it to say more accurately and in your own words what I am trying to get across.

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Executive Secretary Recommic Intelligence Committee

Attachment

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- Chemicals Subcommittee can perform is to achieve closer coordination between the Service Agencies' estimates of military end products (or specialized chemicals) and CRR's estimates of basic chemical production capabilities and output. Since facilities for manufacturing basic chemicals are highly adaptable it is impossible to develop meaningful estimates of Sino-Soviet capabilities to manufacture specific basic chemicals without assuming some specific distribution pattern among a wide range of end products. In other words the Service agencies must take steps to provide CRR with detailed estimates of military end-use requirements (i.e., the detailed percentage breakdown of various types of explosives, the distribution among various types of rocket propellants, etc.). The Chemicals Subcommittee must make certain there is a close devetailing between CRR's basic chemicals estimates and the military Services agencies' military end products estimates.
- 6. Since 2 February 1956 meetings of the members of the Chemicals Subcommittee have been on a bilateral basis (principally between ORR and A-2). Contributions have been made to various NIEs by the Chemicals Branch, CRR but short deadlines have made it impracticable to submit these to other members for analytical study and comments. CRR also assisted the production of EIC-RI-Si by submitting the details of chemicals trade movements which other agencies are not logging.





7. The Chairman recommends again that the Subcommittee be regarded primarily as a means for quick and easy contacts through the members with other offices following chemicals, in various agamcies. Because, however, of an increasing differentiation among interests of the participating members it will ordinarily be inefficient to call meetings of the entire subcommittee when the specific subjects under discussion primarily involve only two agencies.